



THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF  
TELECOMMUNICATIONS & ENERGY**

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September 6, 2005

VIA EMAIL AND USPS

Robert J. Keegan, Esq.  
Keegan Werlin LLP  
265 Franklin Street  
Boston MA 02110-3113

RE: NSTAR GAS Load Forecast & Resource Plan, D.T.E. 05-46

Dear Attorney Keegan:

Enclosed please find the first set of information requests issued by the Department of Telecommunications and Energy in the above-captioned matter. Please submit NSTAR Gas Company's responses to the Department on or before 5:00 p.m., Tuesday, September 20, 2005. If you have any questions regarding the information requests, please contact me at 617-305-3561.

Sincerely,

/s/  
Carol M. Pieper  
Hearing Officer

Encs.

cc: D.T.E. 05-46 Service List (w/encs.)

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY  
TO NSTAR GAS COMPANY, D.T.E. 05-46**

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to NSTAR Gas Company (“NSTAR”) the following Information Requests.

**Instructions**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case, and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if NSTAR or its witnesses receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Carol M. Pieper, Hearing Officer, one (1) copy of the responses to Andreas Thanos, Assistant Director, Gas Division, one (1) copy of the responses to Cynthia Bradbury, Analyst, Gas Division, one (1) copy of the responses to Timothy Cargill, Analyst, Gas Division, and one (1) copy of the responses to Kenneth Dell Orto, Analyst, Gas Division.
8. In addition to filings, all non-proprietary responses should be submitted by e-mail to [dte.efiling@state.ma.us](mailto:dte.efiling@state.ma.us) and to the e-mail address of any party required to be served.
9. Responses are due on or before September 20, 2005.

### **Requests**

- DTE-1-1 Please rank, in order of importance, the various price and non-price factors which the Company takes into consideration when making decisions regarding the replacement of its various gas supply and transportation capacity contracts. Provide reasons for the rankings.
- DTE-1-2 Please answer the following:
- (a) How many of the Company's existing commodity contracts contain no load loss provisions? Also, please provide this information in terms of units of gas.
  - (b) If applicable, please identify in a tabular format the maximum daily quantity and the per unit commodity cost for all of the Company's existing commodity supply contracts that have no load loss provisions for each of the next five years.
  - (c) In qualitative and quantitative terms and for each of the next five years, please describe the impact on captive firm customers, in terms of the weighted average commodity cost of gas, of the Company's existing gas purchase contracts (with no load loss provisions). Within this response, please identify the Company's migration assumptions.

- DTE-1-3      In a tabular form,
- (a)      Please provide a total figure, expressed in MMBtus/day, that represents the long-haul capacity the Company is currently entitled to transport from the west (i.e., from the Gulf of Mexico);
  - (b)      Provide a total figure, expressed in MMBtus/day, that represents the short-haul capacity the Company is currently entitled to transport from the west (i.e., from central Pennsylvania and New York);
  - (c)      Provide a total figure, expressed in MMBtus/day, that represents the capacity the Company is currently entitled to transport from Western and Eastern Canada; and
  - (d)      How does the Company's total contracted pipeline capacity relate to its supply resources?
- DTE-1-4      Please provide a table that indicates, for each supply resource contract, the elements or conditions that provide for the necessary degree of reliability needed to maintain the Company's supply reliability. Indicate those elements of the contract that provide for supply flexibility.
- DTE-1-5      Provide a table that indicates, for each supply resource contract, how that contract fits into the Company's efforts to assure supply diversity.
- DTE-1-6      For each long-term gas supply, transportation capacity, and storage contract discussed in the Company's filing, please provide, in a tabular form, the following information:
- (a)      the date the contract was entered into;
  - (b)      the duration and date of expiration of the contract;
  - (c)      the date that the contract was filed for Department review;
  - (d)      the docket number; and
  - (e)      the date the Department issued a decision.
- DTE-1-7      Please discuss the recall right provisions imposed by NSTAR for each of the Company's capacity release transactions in the past five years, if any.
- DTE-1-8      Please indicate the number of firm sales customers that are dual-fuel capable and the annual volumes associated with these customers.
- DTE-1-9      Please provide a list of all firm transportation customers on the Company's system. Indicate how many of these customers' upstream capacity requirements are provided by the Company, as part of the mandatory capacity assignment.

- DTE-1-10 Please refer to Attachment 6 of the Company's filing.
- (a) Discuss the decision-making process that the Company engages in when purchasing gas for storage during the off-peak season.
  - (b) Include in the discussion a list of all factors that the Company considers when determining the appropriate amount and price at which gas is procured for injection, as well as the factors which determine the timing of injection and withdrawal of gas from storage.
  - (c) Show graphically, and on a monthly basis, the amount of gas that the Company injected or withdrew from storage for each of the past five years.
  - (d) Show graphically, and on a monthly basis, the amount of gas that the Company withdrew from storage for each of the past five years expressed as a percentage of the Company's total sendout for each month.
  - (e) Discuss whether or not futures and options may be helpful tools in procuring gas for storage.
- DTE-1-11 Please refer to Attachment 6 of the Company's filing. For each of the storage facilities in NSTAR's portfolio, provide a narrative of any restrictions (seasonal or otherwise) that affect the level of gas injections or withdrawals.
- DTE-1-12 Please answer the following:
- (a) Explain whether the Company used any risk management tools, financial or physical, in the past five years to mitigate gas price volatility. If the answer is in the affirmative, how successful were they?
  - (b) If the answer to (a) is negative, explain why, highlighting any problems and/or difficulties in the use of risk management tools.
  - (c) Does the Company plan to use any risk management tools in the next five years to reduce gas price volatility? If the answer is in the affirmative, explain the Company's choice of risk management tools. If the answer is negative, explain why.
- DTE-1-13 Please discuss the cost implications of and variance between forecasted sendout and actual sendout in the Company's last forecast and supply plan.
- DTE-1-14 Please explain whether NSTAR had any problems with regard to the timely delivery of marketer pipeline gas in the past five years. In your response, list the marketers involved, the frequency of non-delivery of gas, the total volumes involved in each occurrence, the effect on service reliability, and how the Company handled each situation.

- DTE-1-15 Please discuss any promotional activities or programs that the Company undertook in the past five years to increase growth on its system. Discuss how successful these activities or programs were. Also discuss any promotional activities or programs that the Company plans to undertake in the next five years to increase growth on its system.
- DTE-1-16 What price does city-gate natural gas have to reach in order to make liquefied natural gas a profitable alternative resource for base-load supplies?
- DTE-1-17 Please discuss any major problems that the Company has had in serving customers in the past five years during peak and off-peak periods and how the Company resolved those problems.
- DTE-1-18 Please answer the following:
- (a) Provide the dates during the past five years when NSTAR interrupted gas service to any of its firm supply customers.
  - (b) Identify the customer groups that were interrupted, length of service interruption, and provide a rationale for interruption.
  - (c) Identify any interruptible customers and quasi-firm transportation customers that continued to receive gas supplies during these interruptible periods. Also, list the volume of gas taken by each of these customer types during this period on a monthly basis.
- DTE-1-19 Please indicate whether the Company made any spot gas purchases in the past five years. With regard to the Company's purchase of spot gas, discuss:
- (a) the volume of spot purchases the Company has made over the past five years;
  - (b) how the Company determines what quantity of gas to purchase on the spot market and how it selects vendors;
  - (c) the source of these purchases;
  - (d) the percentage of total gas purchases the Company made that were spot purchases over the past five years, and explain what factors determined these percentages;
  - (e) the point of purchase of spot gas (*i.e.*, the wellhead or the city-gate);
  - (f) the advantages and disadvantages of purchasing spot gas at both the wellhead and the city-gate;
  - (g) the Company's inherent ability to maintain low cost gas at the targeted standards of reliability;

- (h) the effects of a significant rise in spot prices (ten percent increase, 25 percent increase, 50 percent increase) on the Company's cost of gas adjustment clause;
- (i) commodity contracts, and provide a chart reflecting the commodity price paid by NSTAR for each commodity contract in the past one, two, three, four, and five years; and
- (j) whether the purchases occurred during the heating or non-heating season.

DTE-1-20 Please discuss, in relation to the design of the Company's supply portfolio:

- (a) the advantages and disadvantages of short-term contracts versus long-term contracts for gas supplies, transportation, and storage to the Company and its customers;
- (b) the advantages and disadvantages of short-term contracts versus spot market purchases of gas supplies to the Company and its customers;
- (c) the advantages and disadvantages of long-term contracts versus spot market purchases of gas supplies to the Company and its customers;
- (d) the tools and mechanisms that the Company employs to monitor and assess the market for supplies, transportation, and storage; and
- (e) the effectiveness of the tools and mechanisms that the Company uses to monitor the market in the past five years.

DTE-1-21 Regarding the Company's forecast and supply planning process:

- (a) Please provide figures showing the number of heating oil customers, and the total gas volumes involved, that the Company successfully converted to gas heating within the past five years.
- (b) Also provide figures showing the number of heating oil customers, and the total gas volumes involved, that converted to gas heating by themselves within the past five years.
- (c) Finally, provide figures showing the number of heating oil customers, and the total gas volumes involved, that the Company plans to convert to gas heating within the next five years.

DTE-1-22 Please quantify what natural gas volumes are assumed to be shifted to third-party marketers by customer class of trade for each of the forecast years.

DTE-1-23 Please identify and comment on all major factors which could develop during the forecast period that could materially affect natural gas availability, reliability or costs to the end-users.

- DTE-1-24 Please identify the steps in the Company's resource acquisition process. Detail the process involved when the Company solicits the marketplace for incremental and replacement resources.
- DTE-1-25 Please submit a copy of the Company's standard (or most recent) request for proposal ("RFP") for pipeline commodity. Please refer to the RFP and discuss (1) how it meets the Company's supply strategy, and (2) how it helps the Company meet its planning goals and objectives.
- DTE-1-26 Please describe how the Company ensures that it continually evaluates resource options that are available on the market. Describe the evaluation process.
- DTE-1-27 How does the Company foresee the effects of customer migration and reverse migration by class during the forecast period? Does this forecast correspond to past experience for each class?
- DTE-1-28 Referring to Attachment 1 of the Company's filing, please update the "Resources" portion of G-22 tables in the Company's filing to include the total maximum volumes available to the Company (Bbtus), including pipeline and local production, under the Company's existing contractual agreements.
- DTE-1-29 Referring to Attachment 1 of the Company's filing, please update Table G-23 in the Company's filing to include the total maximum volumes available to the Company (Bbtus), including pipeline and local production, under the Company's existing contractual agreements.
- DTE-1-30 Please provide figures (showing the source of the figures) for any new industrial plants and commercial enterprises (and their capacities in terms of energy use) within the Company's service area in the past five years.
- DTE-1-31 Please provide figures (showing the source of the figures) for any new industrial plants and commercial enterprises (and their capacities in terms of energy use) that have been licensed or approved for construction within the Company's service area in the next five years.
- DTE-1-32 Please provide a narrative description explaining the way NSTAR makes its daily and monthly gas purchase decisions.
- DTE 1-33 Does the Company use or test models other than the SENDOUT? Is so, how does SENDOUT compare to the other models. If no, please discuss whether the Company seeks other alternatives to SENDOUT.



- DTE 1-34      Please discuss how the Company's SENDOUT model accounts and adjusts for the purchase of spot gas.
- DTE-1-35      Please list the potential suppliers that the Company would issue RFPs to if the need arises.
- DTE 1-36      Please explain in detail the demand side management programs the Company offers to its low-income and residential customers and the programs offered to its small commercial and industrial customers.

Dated: September 6, 2005